

Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code, effective June 17, 2001 and Commission Rule 133.305, titled Medical Dispute Resolution-General, and 133.307, titled Medical Dispute Resolution of a Medical Fee Dispute, a review was conducted by the Division regarding a medical fee dispute between the requestor and the respondent named above.

This dispute was received on 04/16/03.

I. DISPUTE

Whether there should be additional reimbursement for hospital admission for dates of service 05/13/02 through 05/20/02. Carrier denied charges as; F-The charges for this hospitalization have been reduced based on the fee schedule allowance. A-Pre-authorization was required, but not requested for this service per TWCC rule 134.600.”

II. RATIONALE

Carrier denied services as preauthorization was required but not obtained. Requestor submitted a letter from the Commission dated 04/19/02 indicating preauthorization for spinal surgery and is valid for one year from this date of issue. Therefore, the denial of “A” becomes a moot point and this dispute will be reviewed per the acute care inpatient hospital fee guidelines.

According to Rule 134.401 (b)(2)(A) all hospitals are required to bill usual and customary. The requestor billed usual and customary. The carrier’s audit (EOBs) failed to prove the requestor’s charges were not their usual and customary. The carrier did not respond to this dispute or make a reimbursement.

Consequently, without the appropriate audits per §133.301 and 134.401, the total of these disputed/audited charges exceed \$40,000.00.

According to Rule 134.401(c)(6), the services in dispute are to be reimbursed per the Stop-Loss Method. Stop-loss is an independent methodology established to ensure fair and reasonable compensation to the hospital for unusually costly services rendered during treatment to an injured worker. Rule 134.401(c)(6)(A)(i) states that to be eligible for stop-loss payment the total audited charges for a hospital admission must exceed \$40,000. The reimbursement for the entire audited admission shall be paid using a Stop-Loss Reimbursement Factor (SLRF) of 75%. The Stop-Loss Reimbursement Factor is multiplied by the total audited charges to determine the Workers Compensation Reimbursement Amount (WCRA) for the admission.

Rule 134.401(c)(6)(B) states the formula for calculating the appropriate reimbursement is:

Audited Charges x SLRF = WCRA.”

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|--------------|---------------------------------------------|
| \$112,601.07 | Total billed charges |
| <u>-0.00</u> | proper reductions |
| \$112,601.07 | Total audited charges |
| <u>x 75%</u> | SLRA |
| 84,450.80 | Total recommended reimbursement |
| <u>-0.00</u> | Payments made |
| \$84,450.80 | Additional reimbursement recommended (WCRA) |

III. DECISION & ORDER

Based upon the review of the disputed healthcare services within this request, the Division has determined that the requestor **is** entitled to additional reimbursement for hospital admission of 05/13/02 through 05/20/02. Pursuant to Sections 402.042, 413.016, 413.031, and 413.019 the Division hereby **ORDERS** the Respondent to remit **\$84,450.80** plus all accrued interest due at the time of payment to the Requestor within 20 days receipt of this Order.

The above Findings, Decision and Order are hereby issued this 25th day of October 2004.

Michael Bucklin
Medical Dispute Resolution Officer
Medical Review Division

Allen McDonald, Director
Medical Review Division

AM/mkb